

MINUTES
ROCKFORD FIREFIGHTERS' PENSION FUND
March 20, 2013

A regular meeting of the Board of Trustees of the Rockford Firefighters' Pension Fund was held on Wednesday, March 20, 2013, at 8:30 a.m. in the second floor conference room of the Fire Department Administrative Building at 204 S. First Street, Rockford, Illinois, pursuant to notice.

CALL TO ORDER

The meeting was called to order at 8:30 a.m. Upon a call of the roll, the following answered:

ATTENDED: Alan Granite, President
Ronald Graw, Trustee
Tracy Renfro, Secretary

Michael White, Trustee
Chris Black, City Finance Director

STAFF: Ted Dutkiewicz
Linda Wlaznik, Pension Investment Accountant

Judi Yehling, Recording Secretary

GUESTS: Attorney Carolyn Clifford, Ottosen Britz

PUBLIC COMMENT -- None

I. MINUTES

- The February 20th minutes were presented. Alan Granite made a motion to approve the minutes. Tracy Renfro seconded the motion. A roll call vote was taken:

Ayes:	Alan Granite	Michael White
	Ronald Graw	Chris Black
	Tracy Renfro	
Nays:	None	

II. APPROVAL OF APPLICATIONS/PENSION CHANGES

- Mike Adamany is retiring effective April 2, 2013, having served 20 years and 1 month. He is entitled to a monthly pension of \$3,328.80/month or an annual pension of \$39,945.65. Tracy Renfro made a motion, seconded by Chris Black, to approve the application for pension. A roll call vote was taken:

Ayes:	Alan Granite	Michael White
	Ronald Graw	Chris Black
	Tracy Renfro	
Nays:	None	

- D. William Robertson passed away on February 23, 2013, and his surviving spouse, Susan, will now receive a survivor's pension. Michael White made a motion, seconded by Chris Black, to approve the surviving spouse pension benefit. A roll call vote was taken:

Ayes:	Alan Granite	Michael White
	Ronald Graw	Chris Black
	Tracy Renfro	
Nays:	None	

- Doris Hartman, surviving spouse of Roy Hartman, passed away on February 21, 2013, and her pension will terminate. Alan Granite made a motion, seconded by Tracy Renfro, to approve termination of the pension. A roll call vote was taken:

Ayes: Alan Granite Michael White
Ronald Graw Chris Black
Tracy Renfro
Nays: None

- Gerald Baxter passed away on March 15, 2013, and his pension will terminate. Michael White made a motion, seconded by Tracy Renfro, to approve termination of the pension. A roll call vote was taken:

Ayes: Alan Granite Michael White
Ronald Graw Chris Black
Tracy Renfro
Nays: None

III. DISBURSEMENTS

- Michael White made a motion to approve the March payroll estimated at \$1,222,012.10. Tracy Renfro seconded the motion. A roll call vote was taken:

Ayes: Alan Granite Michael White
Ronald Graw Chris Black
Tracy Renfro
Nays: None

- Invoices totaling \$26,691.32 were presented as shown in the attached warrant packet.

Michael White made a motion to approve the invoices as presented in the warrant packet. Chris Black seconded the motion. A roll call vote was taken:

Ayes: Alan Granite Michael White
Ronald Graw Chris Black
Tracy Renfro
Nays: None

IV. CASH & INVESTMENTS

- Marquette Associates' Flash Report for February 28, 2013, was passed out to the Board by Ted Dutkiewicz.
 - Ted Dutkiewicz briefly summarized the report. The Fund is up to \$142 million, and equity is up to almost \$90 million. The Fund was slightly overweight to equity but no reallocations would be done this month; reallocations can be done next month to meet cash needs.
- Ted Dutkiewicz advised that with retired Chief Robertson's passing, the Fund received a death benefit payment of \$1.3 million which would be used for cash needs this month. This money was from an insurance policy in the form of an annuity on the original five Trustees of which the Fund was the owner and beneficiary, and it was established in 1995. This amount is carried as a liquid asset, does not appear in the audit report, and will appear as an investment return. The cash value of the insurance was very low so it was drawn all the way down without hurting the surrender value. There are still four Trustees left on which the annuity will pay.

- Ted Dutkiewicz passed out the report on the status of the Fund as of February 28, 2013:
 - The report showed total current market value of the Fund was \$142.24 million, up 1.844% year to date. The equity fund is up 17.150%, and fixed income is down 16.818% at 36.804% of the total Fund.
 - Total annual return is at 20.38%; equity annual return is 98.50%, a fixed income annual return of -81.21%, and a total income return of 5.13%.
- Records of purchases and sales were distributed.

Michael White made a motion, seconded by Chris Black, to approve the purchases and sales for the month. A roll call vote was taken:

Ayes:	Alan Granite	Michael White
	Ronald Graw	Chris Black
	Tracy Renfro	
Nays:	None	

V. OLD BUSINESS

- Training:
 - Tracy Renfro has completed his 32-hour training and will receive his certificate from the IPPFA so he has completed the training for this year.
 - Attorney Clifford indicated her firm will work on setting up some training to clients to satisfy the DOI requirements for any clients who are interested. She said she had had a conversation with the DOI on the pending bill to make corrections and revisions to the Illinois Pension Code, and there has been no change in the number of hours required (16) or anything more on DOI enforcement.
- Chris Black handed out a memorandum explaining the June 2012 report on the annual funding requirement of \$5,771,667 which is funded by property tax levy and personal property tax proceeds. The tax levy was \$4,143,879 with the remainder coming from the replacement tax of \$1.6 million.
- Attorney Clifford informed Board that next month the Board will review the SEC ruling on the State of Illinois' failure to disclose its funding of the statewide pension systems. The SEC ruling states that Projected Unit Credit (PUC) and the 90% target for funding is not appropriate for public pension funds, and she will bring a copy of the SEC memorandum next meeting.
- Asked about the audit report, Chris Black said he is still working on it.
- The DOI auditor started the DOI audit, checked the Fund's membership files and seemed quite pleased. She found four people missing marriage certificates but things were otherwise good. Attorney Clifford said we must now wait for the draft report from the DOI, which the Board must review and respond to within 30 days. The Board can ask for an extension to submit our reply.

VI. NEW BUSINESS

- Linda Wlaznik announced that three individuals have accepted their nomination for the retired-member trustee position on the Board: Bill Beaman, ~~Tom Fanaro~~ and Jim Strey. She will mail out the ballots, and they can be counted at next Month's meeting.
- Attorney Clifford addressed the Board on various items:

- She will start the process of having those on duty disability, Albaugh and Peterson, obtain and file their IMEs. The same doctors will be used as before.
- Reminded Board members that filing of the Statement of Economic Interests are due to the county by May 1, 2013.
- Linda Wlaznik reported that the Annual DOI Statement is underway.
- Linda Wlaznik provided the Board with a handout describing and explaining the process of claiming credit for time served in the military. Attorney Clifford indicated that this Board follows the statutory approach. Linda Wlaznik pointed out that the 0.07 amount used in the calculation on page 6 of the handout is the correct calculation. The formulas, payment schedules and rules for vestiture were discussed. Following the discussion, Michael White made a motion, seconded by Chris Black, to approve the revised application form for Military Service Credit. A roll call vote was taken:

Ayes: Alan Granite Michael White
 Ronald Graw Chris Black
 Tracy Renfro
Nays: None

Linda Wlaznik suggested that the Board also move to approve the calculations based on the submission of the application and the DD214 since the approval doesn't depend on the payment terms. Michael White made a motion, seconded by Chris Black, to accept the application for either a six-month or lump sum payment using the calculations as shown pending any interest rate adjustments. Discussion followed stating that the only caveat was that the individuals would have to make their payments before they retire. It is up to the Board to say how many years they will have to pay – as a lump sum or in six-month installments over two years from the date of the first installment. A subsequent motion was made to approve the calculations as presented for Shawn Gilbertson and Troy Prezioso at 7% for buy back of military credit. A roll call vote was taken:

Ayes: Alan Granite Michael White
 Ronald Graw Chris Black
 Tracy Renfro
Nays: None

Linda Wlaznik will prepare the paperwork compliant with this motion.

- A discussion ensued about creditable service relative to a firefighter who had ten years of service with Belvidere Fire before coming to Rockford. Attorney Clifford advised that the date of application is critical – the law was enacted in 2004 and amended in 2005 to say the individual has only 21 months to apply from the time that they joined the second department. This individual joined Rockford in 2000 so since it was before the date of amendment he can still initiate an application up until the time he seeks retirement. He wrote a letter to the Fund in 2005 indicating an interest in combining creditable service but never followed up on it. Attorney Clifford said we can present him with an application to combine the creditable but the cost may be prohibitive as there will be payments with interest that have to be made to both Rockford and to Belvidere fire department. Linda Wlaznik indicated she will prepare an e-mail to the firefighter, giving all the details.
- Attorney Clifford reminded the Board that under the Illinois Pension Code, every five years it must engage in the process of issuing an RFP for an investment consultant. She said the Code is silent on how the process must be conducted, and that the process can be as simple as just receiving proposals, reviewing them and choosing the consultant. There are only a very few other fire and police pension funds big enough to actually use a consultant, and in those situations where the

funds are small, the funds use investments advisors who do not need to be reevaluated every five years like consultants. It is the Board's statutory duty to engage in some minimal process as fiduciaries. She has a template for the RFP which can be combined with the one that Ted Dutkiewicz has used in the past.

Michael White made a motion, seconded by Chris Black, to go out for an RFP requesting proposals from consultants on the list that Ted Dutkiewicz had prepared: Becker, Burke Associates, Inc.; Lowery Asset Consulting, LLC; Marquette Associates, Inc.; and Strategic Capital Investment Advisors, Inc.

Ayes:	Alan Granite	Michael White
	Ronald Graw	Chris Black
	Tracy Renfro	
Nays:	None	

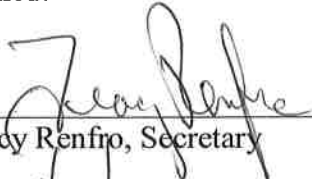
- Alan Granite received the entry-level physical exams for the 20 new recruits and will file in separate envelopes marked "Confidential" in their individual files.
- Linda Wlaznik will meet with the 20 new recruits to go over pension information.
- **CLOSED MEETING** – None required.

VII. ADJOURNMENT

A motion was made to adjourn the meeting. Motion carried and meeting was adjourned at 9:40 a.m.

Next regular meeting is April 17, 2013, at 8:30 a.m.


Signed:



Tracy Renfro, Secretary
4/17/13

Date

Prepared by:



Judith Yehling, Recording Secretary
4-17-13

Date

Approved by the Board of Trustees at its April 17, 2013, meeting

